



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

December 10, 2003

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **EXPECTED REDUCTIONS IN THE LOS ANGELES COUNTY
MEDI-CAL CASELOAD**

This is to advise your Board of expected reductions in the Los Angeles County Medi-Cal caseload as a result of more timely processing of annual Medi-Cal redeterminations. In addition, a planned reconciliation of the State's Medi-Cal Eligibility Data System (MEDS) and LEADER will result in a decrease in the number of persons who are certified Medi-Cal eligible on the State MEDS data base. Managed Care Health Plan memberships will most likely decrease as a result of these actions.

Annual Redeterminations

DPSS is required to conduct a detailed review, or "redetermination" of each Medi-Cal case on an annual basis. An audit conducted by the California Department of Health Services for the month of June 2002 reported that DPSS had completed timely redeterminations in only 44% of cases reviewed. This performance was well below the standard of a 90% timely redetermination completion rate as set by both federal and State regulations. Our own audit reviews have shown that DPSS Medi-Cal cases frequently lacked required eligibility documentation, and we must improve in this area. Effective with the FY 2003-04 Budget, the State set monthly Medi-Cal Program performance standards for all Counties and tied measurable achievement of these standards to future year Medi-Cal Administrative Allocations. The State provided additional funding to enable counties to meet these new performance standards.

In order to improve our performance, we established new automated controls, procedural redesign and performance measures that have been put in place for every district office operation. Based on our most recent internal audits, our redetermination completion rate, as of October 2003, has improved to 96%. We have set in place an enhanced, ongoing internal auditing system to monitor performance.

One of the consequences of doing a better job on our redeterminations is that many more Medi-Cal cases get terminated from coverage each month. This is because families move or otherwise fail to send in their redetermination information. This has and will continue to increase Medi-Cal case terminations and thus decrease the Medi-Cal caseload and Managed Care Health Plan membership.

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Medi-Cal data from June to October 2003 show a decrease of 24,000 cases, or 44,500 persons. The approximate decline in Managed Care Health Plan memberships over this period is about 25,000 persons.

MEDS/LEADER Reconciliation

With the full implementation of LEADER, an automated process was established to notify the state MEDS system of Medi-Cal eligibility information including whenever a person was terminated. However, not all of the LEADER terminations functioned on MEDS. The quarterly reconciliation of the County's Medi-Cal eligibility system and the State's MEDS, benefit payment sub-system, was discontinued once LEADER was piloted in Los Angeles County. Reconciliation of the two databases could not occur until the State's software was modified to accommodate the LEADER data. These modifications did not occur for several years and have only recently been made. MEDS modifications have been completed and reconciliation of the MEDS and LEADER systems are scheduled to take place during December 2003.

Since not all persons terminated on LEADER were removed from MEDS, the MEDS/LEADER Reconciliation is expected to result in the termination of Medi-Cal for many thousands of persons. Removed from the MEDS system will be persons currently on MEDS whose Medi-Cal was previously terminated on LEADER, and for the past year have shown no medical activity billed to the MEDS system. These reductions may impact the Managed Care Plans as early as January 2004. Once MEDS and LEADER are reconciled, a quarterly reconciliation will resume on a regular basis.

Actions Taken to Minimize Impact

In order to minimize the decrease in the Medi-Cal caseload resulting from improved redetermination processing and the MEDS/LEADER Reconciliation, our Medi-Cal Program staff has met regularly with local health advocates, Managed Care Plans and other agencies to identify and implement membership retention strategies. We have also developed processing guidelines and other tools and distributed these to eligibility staff to ensure that persons are not being incorrectly terminated.

Families that are terminated due to the redetermination process or the MEDS/LEADER Reconciliation have been properly notified prior to having their Medi-Cal terminated on LEADER. My Department will continue to monitor this process and will notify your Board once we have more complete information on the actual number of persons impacted by these activities.

BY:sls

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
Auditor-Controller
County Counsel